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SUBJECT: MILORAD DODIK RECONFIRMED AS RS PREMIER

SUMMARY

11. (SBU) Milorad Dodik was confirmed for his third term as Republika Srpska (RS) Premier by the RS National Assembly November 30. Both in personnel and policy matters, Dodik,s new RS Government will differ little from his previous cabinet. Eleven of sixteen ministers have retained their posts, while the populist government program, rich with infrastructure investments, differs little from the agenda he introduced when he took office in February 2006. In his address to the RSNA prior to the confirmation vote, Dodik confirmed openness for police reform and for improved functionality of state institutions, but insisted that the position and the institutions of the RS be respected. Dodik repeated a warning that if there were attempts to abolish the RS, he would call for a referendum on its status. END SUMMARY.

DODIK RE-CONFIRMED BY AN OVERWHELMING VOTE

12. (SBU) Following a one-hour speech in which Milorad Dodik presented both his proposed ministers and his plans for governing, both Dodik and his slate were confirmed by RS National Assembly votes. The 60-vote majorities which both Dodik and his cabinet received constituted 18 votes more than the simple majorities necessary for confirmation, and included majorities among RSNA MPs from all of Bosnia and Herzegovina's three constituent peoples. Dodik,s government, including his own Alliance of Independent Social Democrats (SNSD, 41 RSNA seats), the Party of Democratic Progress (PDP, 8 RSNA seats), the Socialist Party (SP, 3 RSNA seats), and the Democratic People,s Union (DNS, 3 RSNA seats), as well as the Bosniak parties, the Party of Democratic Action (SDA, 3 RSNA seats) and Party for BiH (SBiH, 3 RSNA seats). Capsule biographies of Dodik and the members of his new cabinet will be reported septel.

GOVERNMENT PRIORITIES LARGELY UNCHANGED

13. (SBU) In a speech presenting his government's plans, Dodik continued to promote an agenda that is both populist and pro-business. Emphasizing that his government's efforts had led both to higher wages and pensions and to increased employment and stock market activity, he promised continued work to stabilize both the business and the social environment. On the business front, Dodik remained committed to expanding the private sector, through continued privatization and stimulating foreign investment. Dodik again promised increased investment in infrastructure, such as roads and hospitals, based at least in part on privatization revenues. (NOTE: Dodik has already delivered on one of his campaign promises. Earlier this week, the RSNA passed a draft RS Budget for 2007 that includes eight per cent pay increases for state workers. END NOTE.)

14. (SBU) As with the economy, Dodik restated his goals for the fight against crime and corruption. Cooperation with ICTY was the first issue Dodik mentioned when addressing the responsibilities of the RS Police, saying it was "just a legal obligation" for all organs in the RS. As for the fight against organized crime and corruption, Dodik argued that the Office of the RS Special Prosecutor and privatization review would both show results in the course of this four-year term.

OPEN TO REFORM, BUT GUARDING RS PREROGATIVES

15. (SBU) During his speech, Dodik spoke of ongoing state-level reform projects, combining words of support with words of caution. Dodik said that he supported police reform, but insisted that reform be achieved through agreement and not imposed. He asserted that there was room for the RS Police within the three EC police reform principles. Dodik also expressed support for constitutional reform, both for the March package of reforms, as well as for participation in a second round of talks on lower levels of government. He noted that while his priority in such talks would be preservation of the RS as a federal unit within Bosnia, decisions about organization within the Federation of Bosnia and Herzegovina should be left to its leaders. Departing from his prepared text, Dodik restated a warning that if there was an attempt to abolish the RS, he was prepared to ask the RS people to express their will on its status in a referendum.

GOVERNMENT ORGANIZATION, REPRESENTATION ABROAD

16. (SBU) While most of Dodik's plans are continuations of old priorities, there were at least two new wrinkles. Citing the importance of energy projects for the future of the RS, Dodik proposed that the energy portfolio be separated from

SARAJEVO 00003089 002 OF 002

the economy portfolio to become the competency of a new RS Ministry of Energy. Sources in the RS Government said that this decision would be accompanied by a reshuffle of other portfolios, so that the total number of ministries in the RS Government would not increase from the current sixteen. Dodik also said that improving the image of the RS abroad was a priority of his next term. To this end he pledged to open RS representative offices in both Washington and Brussels. These offices, according to Dodik, would not serve a protocol function but rather be engaged in issues like trade and tourism. The RS currently has representative offices in several capitals, including Moscow, Berlin, Belgrade and Athens.

COMMENT

17. (SBU) It is not a surprise that Dodik's team and government program are little changed from those that led to his victory at the polls October 1. The very size and scope of this victory, however, will lead to changes in the tone and tempo of the Dodik government. Given his margin of support among RS voters, Dodik is all the more likely to continue to insist, for instance, on police reform by consensus. Moreover, with the commanding majority his coalition now controls in the RSNA, his RS legislative agenda is likely to face few, if any, significant hurdles. END

COMMENT.

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